

**Department of Employment and Economic Development**  
**Extended Employment Program Compliance Examination Standards**  
**July 1, 2012 through June 30, 2013**

**Authority**

These standards, pursuant to Minn. Rules, Chapter 3300, Part 2035, Subpart 8 (C), are to be used by independent auditors (examiners) conducting compliance examinations of services provided and reported under contracts with the Department of Employment and Economic Development (DEED) for extended employment in accordance with Minn. Rules, 3300.2005-2055. The standards also apply to organizations that, with the permission of the DEED, subcontract with contractors of the DEED for extended employment services.

**Development of the Examination Standards**

The DEED seeks the input of providers and provider's independent examiners in the development of these standards by maintaining an ad hoc committee with statewide representation and requesting the attendance of executive directors, financial managers and independent auditors. The Audit Standards Workgroup is conscious of the need to keep examination costs to a minimum, communicate clear and understandable standards, identify suggested methods for testing the standards, and producing a quality outcome.

**Audit Standards Workgroup**

The 2013 Audit Standards Workgroup members are: Michael Bellesbach (Winona ORC), Bruce Bester (Opportunity Partners), Thomas Cummings (CPA), Judie Foster-Lupkin (Winona ORC), Robbin Kampa (Functional Industries), Anita Kavitz (DEED), Rod Pederson (Functional Industries), and Daniel Persaud (CliftonLarsonAllen).

**Effective Date**

These standards are effective May 29, 2013 for the period: July 1, 2012 through June 30, 2013.

## SFY2013 EXAMINATION PROCEDURES

### **I. Scope of Examination**

The objective of the practitioner's examination procedures, applied to management's assertion about an entity's compliance with specific requirements, is to express an opinion about whether management's assertion (Appendix A) is fairly stated in all material respects based on agreed upon criteria. The scope does not include an auditor's opinion on internal control over compliance.

### **II. Suggested Procedures**

In an effort to reduce the cost of the examination, respond to auditors need for more direction, and establish greater uniformity in the testing and reporting of compliance, the DEED has included suggested testing protocol for auditors. These tests are not required and auditors will use their own professional judgment in determining whether or not the suggested procedures are sufficient for the auditor to issue an opinion on management's assertions.

### **III. Examination Requirements**

#### **A. Due Date: October 31, 2013**

The *Extended Employment Compliance Examination Report*, including applicable supplemental schedules, must be received or post marked by the above date. Providers submitting late audit reports will not be eligible to receive credit for additional hours discovered during the course of the audit examination. The DEED may withhold Extended Employment reimbursement payments of providers for late audits until reports are received.

#### **B. Report Format and Delivery**

Written reports may be hand-delivered or delivered via U.S.P.S. certified mail, to Anita Kavitz, Rehabilitation Services, First National Bank Building, 332 Minnesota Street, Suite E-200, St. Paul, MN, 55101. Electronic audit reports with proper signatures, in PDF format, may be emailed to Anita Kavitz at [anita.weckman-kavitz@state.mn.us](mailto:anita.weckman-kavitz@state.mn.us). Please request a reply upon receipt of electronic reports.

#### **C. Current Requirements, Procedures, Reports**

Use only materials provided by the DEED for the period July 1, 2012 through June 30, 2013. Materials from prior years will not be accepted.

#### **D. Applicable Standards**

The examination is to be conducted in accordance with Generally Accepted Auditing Standards contained in AICPA professional standards, Attestation Standards, Compliance Attestation Examination Engagement.

**E. Opinion on Management's Assertions**

The opinion on management's assertions shall be for the period under examination, July 1, 2012 through June 30, 2013.

**F. Criterion**

The examination report will address the established criteria published by the DEED as shown in the samples. Disclose any criteria not applicable to a given provider. (See sample Management Assertion Letter (Appendix A) and Accountant's Report (Appendix B).)

**G. Samples**

1. Objective. The objective of sample size is to ensure auditors select a random, representative sample of sufficient size to support projections.
2. Selection. Auditors must select a representative, random sample based on the total reported hours in each subprogram: Center-based Employment (CBE), Community Employment (CE), and Supported Employment (SE). Auditors will select samples from the Listing of Reported Participants and Relevant Data. However, in the event significant additional records are discovered, the auditor may need to take a new sample(s) based on the total population.
3. Confidence to Support Projections. Auditors, with confidence in the results of their selected samples, will project error rates of 10% or above to the population, as directed in Criterion #11 and Criterion #12. Auditors, who do not have confidence in the results of the initial sample, must expand the sample until a satisfactory level of confidence is achieved in accordance with professional standards or withdraw from the engagement.
4. Testing the Sample. Auditors will apply all applicable tests to the selected sample and may expand the original sample as necessary. The selected sample will be used to perform tests identified in Criterion #1-10.
5. Report the Sample Size. Auditors will report the most significant samples on the line provided in the lower left-hand corner of appendices C and D. For this reason, Appendix C must be included in the auditor's report even if no variances are reported. Appendix D must be included in the auditor's report for all new and expanded programs.

**H. Supplemental Reports**

1. Questioned Items. Supplemental reports of all questioned items (noncompliance) will be issued. Variances will be reported in the form of questioned hours and wages, in the format provided by the DEED, i.e., Schedule of Questioned Hours and Wages (Appendix C/D).
2. Summary Reports. A summary report of variances and the effect on the provider's community and supported employment contract will be issued in the format provided by the DEED in Community Support Fund Reconciliation (Appendix E). A summary report of variances and the effect on the provider's center-based employment contract will be issued in the format provided by the DEED in Center-based Employment Fund Reconciliation (Appendix F.)
3. Disclosure of Procedures. The Audit Procedures Checklist (Appendix G) will be

submitted with the audited final report. This report must be signed by the Executive Director and a member of the Board of Directors who is not involved in the daily operation or management of the organization.

4. Auditee's Response to Findings. The auditor will submit providers' response to reported variances and recommendations to DEED with the audit report. The response will include cause and corrective action.

#### IV. Additional Requirements for New/Expanded Programs

These standards are applicable to the following Extended Employment (EE) providers that received new/expanded program funding during the audit period: **Autism Works, Functional Industries, Goodwill/Easter Seals of MN, Hope Haven, Lifeworks Services, Occupational Development Center, Opportunity Services, Resource, and Rise.**

- A. These programs have special conditions or criteria for funding, such as target populations, geographic areas, etc. A summary of each grant's services and intended population begins on the next page. More detailed grant information will be found in DEED's Funding Letter (contract attachment), the provider's Proposal (contract attachment), and DEED's Request for Proposals. When there are discrepancies between the provider's proposal and the DEED funding letter, test for the conditions identified in the funding letter.
- B. When auditing a new/expanded program there may be additional management assertions needed. Auditor should use their professional judgment in determining when management should assert to significant special provisions of the grant. Contact Anita Kavitz (651.259.7347) as needed.
- C. Obtain a Listing of Reported Participants and Relevant Data for participants reported to the New & Expanded Program from the DEED website. For help, call Wendy Keller (651.259.7376).
- D. Contact Anita Kavitz to obtain monitoring reports for N/E programs. Monitoring of these programs is intended to sample elements subject to audit during the contract period. This is seen as advantageous for a couple of reasons: (a) to offer technical assistance to provider staff, (b) to alert providers of problems to allow correction prior to the close of the year when repayment of funds could result, and (c) to alert program and provider staff to training needs.
- E. A separate schedule (Schedule of Questioned Hours for New/Expanded Programs (Appendix D) should be submitted to the DEED for the questioned hours of a new/expanded program.
- F. Determine the contracted allocation for the new/expanded program by reviewing the provider's Extended Employment Contract.
- G. Reconcile N/E grant funds on Part B of the Community Support Fund Reconciliation (Appendix E) and the Center-based Employment Fund Reconciliation (Appendix F).

## NEW AND EXPANDED PROGRAM GRANTS

The following organizations have N/E program funding that includes the year under examination.

<b>Hope Haven, Inc.</b>	<b>January 1, 2010 - June 30, 2013</b>
<i>Rule-defined services:</i>	\$113,926 to provide <u>Community Employment</u> and <u>Supported Employment</u> \$101,364 to provide up to 56,628 hours of <u>Center-based Employment</u>
<i>Persons served:</i>	Approximately, 87 <u>EE workers</u> displaced as a result of the Mankato Rehabilitation Center, Inc. discontinuing operations in Worthington, and new referrals
<i>Primary disability:</i>	Developmental disabilities, Serious Mental Illness, etc.
<i>County of residence:</i>	Nobles, Cottonwood, Jackson, Murray, Rock, Pipestone, Watonwan, and surrounding counties
<i>Referral source:</i>	VRS, County Social Service agencies, Schools, etc.
<b>Goodwill/Easter Seals of MN</b>	<b>April 1, 2013 - June 30, 2016</b>
<i>Rule-defined services:</i>	\$80,968 to provide up to 21,420 hours of <u>Supported Employment</u>
<i>Primary disability:</i>	Autism spectrum, Serious Mental Illness or SPMI (40%)
<i>County of residence:</i>	Blue Earth, Chippewa, Kandiyohi, Le Sueur, McLeod, Meeker, Nicollet, Renville, and Swift
<i>Referral source:</i>	VRS, County Social Service agencies
<b>Functional Industries, Inc.</b>	<b>April 1, 2013 - June 30, 2016</b>
<i>Rule-defined services:</i>	\$81,769 to provide up to 21,632 hours of <u>Supported Employment</u>
<i>Primary disability:</i>	Autism spectrum
<i>County of residence:</i>	Benton, McLeod, Meeker, Sherburne, Stearns, Wright
<i>Referral source:</i>	VRS
<b>Rise, Inc.</b>	<b>April 1, 2013 - June 30, 2016</b>
<i>Rule-defined services:</i>	\$81,497 to provide up to 21,560 hours of <u>Supported Employment</u>
<i>Primary disability:</i>	Serious Mental Illness or SPMI, and Chemical dependency, Autism, Physical
<i>County of residence:</i>	Benton, Sherburne, Stearns, Wright
<i>Referral source:</i>	VRS, Department of Corrections, County Social Service agencies, Half-way houses
<b>Autism Works, Inc.</b>	<b>April 1, 2013 - June 30, 2016</b>
<i>Rule-defined services:</i>	\$88,452 to provide up to 23,400 hours of <u>Supported Employment</u>
<i>Primary disability:</i>	Autism spectrum
<i>County of residence:</i>	Kandiyohi
<i>Referral source:</i>	VRS

<b>Lifeworks Services, Inc.</b>	<b>May 1, 2013 - June 30, 2016</b>
<i>Rule-defined services:</i>	\$68,947 to provide up to 18,240 hours of <u>Supported Employment</u>
<i>Primary disability:</i>	Autism spectrum, and Multiple diagnoses
<i>County of residence:</i>	Blue Earth, Brown, Nicollet, Sibley, Waseca, Watonwan
<i>Referral source:</i>	VRS, County Social Service agencies
<b>Resource, Inc.</b>	<b>April 1, 2013 - June 30, 2016</b>
<i>Rule-defined services:</i>	\$33,022 to provide up to 8,736 hours of <u>Supported Employment</u>
<i>Primary disability:</i>	Serious Mental Illness or SPMI, Autism, TBI, Learning Disability
<i>County of residence:</i>	Benton, Meeker, Morrison, Sherburne, Stearns, Wright
<i>Referral source:</i>	VRS, Mental Health Center
<b>Opportunity Services, Inc.</b>	<b>April 1, 2013 - June 30, 2016</b>
<i>Rule-defined services:</i>	\$79,359 to provide up to 20,994 hours of <u>Supported Employment</u>
<i>Primary disability:</i>	Autism spectrum, Serious Mental Illness or SPMI
<i>County of residence:</i>	Olmstead
<i>Referral source:</i>	VRS, County Social Service agencies, High schools
<b>Occupational Development Center, Inc.</b>	<b>April 1, 2013- June 30, 2016</b>
<i>Rule-defined services:</i>	\$61,236 to provide up to 16,200 hours of <u>Supported Employment</u> on premises not owned or operated by ODC, including ODC's division known as Custom Products.
<i>Primary disability:</i>	Serious Mental Illness or Serious and Persistent Mental Illness
<i>County of residence:</i>	Pennington, Polk, Red Lake, Roseau
<i>Referral source:</i>	VRS
<b>Lifeworks Services, Inc.</b>	<b>May 1, 2013- June 30, 2016</b>
<i>Rule-defined services:</i>	\$68,947 to provide up to 18,240 hours of <u>Supported Employment</u>
<i>Primary disability:</i>	Autism spectrum, Multiple diagnoses
<i>County of residence:</i>	Blue Earth, Brown, Nicollet, Sibley, Waseca, Watonwan
<i>Referral source:</i>	VRS, County Social Service agencies

## **V. Materials Available from the Provider**

- A.) The auditor will need to review the following documents in the course of the examination: (1) Extended Employment Contract and amendments; (2) payroll source documentation; (3) case file documentation; (4) personnel policies of non-exempt staff and extended employment workers, **OR** in the case of Affirmative Business Enterprise (ABE) employment there must be a single benefit package available to all the provider's employees (exempt and nonexempt, without regard to disability or EE program status), (5) benefit accrual records, and (6) EE payments received from the DEED.
- B.) Auditors must obtain USERNAME and PASSWORD from providers to gain access to the secure DEED reports portal.

## **VI. Materials Available from the DEED**

- A.) The **DEED webpage** for auditors contains all the documents and information necessary to conduct this engagement:

[http://www.positivelyminnesota.com/JobSeekers/People\\_with\\_Disabilities/Extended\\_Employment\\_-\\_Long-term\\_Job\\_Supports/For\\_EE\\_Basic\\_Service\\_Providers\\_2.aspx](http://www.positivelyminnesota.com/JobSeekers/People_with_Disabilities/Extended_Employment_-_Long-term_Job_Supports/For_EE_Basic_Service_Providers_2.aspx)

- Extended Employment Program Rules (Minnesota Rules, 3300.2005-300.2055)
- 2013 Compliance Examination Standards
- 2013 Sample Forms (Appendices: A, B, C, D, G, H)
- 2013 Fund Reconciliation Forms (Appendices: E, F)
- Reimbursement rates for each subprogram: CBE \$1.79; CE \$3.24; SE \$3.78
- Sample benefit proportionality test

- B.) With credentials from providers, auditors will be able to access the **DEED's secure reports portal** (link below) where auditors will be able to generate a file for download into an Excel spreadsheet. This file contains provider-reported data necessary to a successful engagement. Access will be permitted from August 12, 2013 thru October 31, 2013.

<https://reportsportal.deed.state.mn.us/VocRehabProviders/ExtendedEmployment/default.aspx>

- Contracted allocations by fund
- Invoices and payments
- Relevant data for persons served (EE workers)

### **Have a Question? We can help...**

- Trouble with the secure reports portal or downloading data, contact [wendy.keller@state.mn.us](mailto:wendy.keller@state.mn.us), 651.259.7376
- Have questions about the EE program rules, or have an engagement question, contact [Anita.weckman-kavitz@state.mn.us](mailto:Anita.weckman-kavitz@state.mn.us) or 651.259.7347

## CLARIFYING NOTES TO AUDITORS

**2013 forms.** Download the *current* forms for the period to be audited. Make no change to any form without prior written approval of DEED's authorized agent, Anita Kavitz.

**Monitoring reports.** There were no monitoring visits during SFY13.

**Correcting PRS records.** Providers will not be permitted to edit SFY13 records after 4:30 p.m., July 31, 2013. Errors discovered in the *Listing of Reported Participants and Relevant Data* file will be reported as variances on the *Schedule of Questioned Hours and Wages* and may or may not be included in the calculated error rate, based on the auditor's professional judgment.

**Fundamental personnel benefits.** Auditors are asked to pay particular attention to this area as one-third of the SFY11 errors were a result of EE workers not receiving sufficient benefits. The EE rule intended for EE workers to receive benefits equal to those received by fulltime nonexempt employees with two exceptions: (a) when the EE worker works less than fulltime, the vacation, sick and holiday (or PTO and holiday) should be earned on a prorated basis, and (b) even if the fulltime nonexempt workers earn none of these benefits, no EE workers will earn less than 5 days each: vacation, sick and holiday. The website has an Excel benefit proportionality test file that may be helpful.

**Affirmative Business Enterprise.** The suggested procedures include affirmative business enterprise (ABE). However, no providers are certified for ABE in SFY13.

**Contracted allocations & payments.** The DEED issues *at least* one amendment to the EE contract annually. Please verify allocation and payments reported on the secure site with source documentation.

**Signatures required.** The *Management Assertion Letter* and the *Audit Procedures Checklist* requires the original signatures of (a) the Executive Director, and (b) a member of the Board of Directors who is not involved in daily operations or management of the organization.

**Questioned hours and wages (Appendices C & D).** Identify questioned items from testing of Criterion 1-10 by displaying the reported hours and wages as negative values in the *Variance* column and identify the reason(s) for the questioned hours by identifying all failed compliance criteria in the column provided. Report all variances. Auditors are asked to refrain from making judgments about whether extenuating circumstances should negate the required criteria in particular cases; this is the responsibility of the DEED and the purpose of the appeal process. Report the total hours from the most significant selected sample in the space provided in the lower, left-hand corner. List the name and social security number of the worker as this information is necessary for DEED to correct the provider reporting system.

**Management's response.** Include management's response to reported variances as the last item in the bound examination report. Management's response will include cause and corrective action. If there are no reported variances or procedural deficiencies, this item is omitted.

**Error rates and the fund reconciliations (Appendices E & F).** Report the calculated error rates from the most significant sample. When the error rate is at least 10%, project the error rate to the reported population, and deduct the projected hours instead of the questioned hours from the hours.

**Late audit reports.** If the report package will not be received by the DEED (or will be postmarked after the published due date), report only the sum of negative hours from the schedules for questioned hours and wages (Appendices C & D) on the fund reconciliation schedules (Appendices E & F).



**Criterion 1:** Workers have worked the hours reported, and earned the wages reported, by the provider for the reimbursement paid by the DEED as shown on the DEED *Listing of Reported Participants and Relevant Data* file.

Reference: Work hours. (Minn. Rules, 3300.2005, subpart 37)  
Extended employment worker. (Minn. Rules, 3300.2005, subpart 18)  
Affirmative business enterprise. (Minn. Stat. 268A.01, subdivision 14)  
Center-based employment. (Minn. Rules, 3300.2005, subpart 6)  
Community employment. (Minn. Rules, 3300.2005, subpart 10)  
Supported employment. (Minn. Rules, 3300.2005, subpart 35)  
State certification. (Minn. Rules, 3300.2010)  
Statewide uniform rates. (Minn. Rules, 3300.2035, subpart 6)

Applicability: All EE workers

Sample unit: A block of hours and wages as reported to DEED in the *Listing of Reported Participants and Relevant Data*.

Suggested Procedure A: If the provider operates an Affirmative Business Enterprise (ABE) employment program, ask the provider to identify the workers in ABE that were reported to DEED for reimbursement at the community employment reimbursement rate; from this list select a random representative sample. Verify the provider received EE program reimbursement at a rate higher than the center-based employment rate for work on premises owned or operated by the provider. Determine that the provider held a valid *EE Program State Certificate of Operation* for Affirmative Business Enterprise (ABE), at the address where the work was performed, during the dates when the work was performed. Compare payroll source documentation to DEED's *Listing of Reported Participants and Relevant Data* file.

Note 1: If the ABE hours are disallowed, but meet the criteria for center-based employment, report variances on the reconciliation schedules by deducting the worker's reported hours and wages from Community Employment and adding the worker's audited hours and wages to Center-based Employment.

Suggested Procedure B: Select a random representative sample of reported hours from each subprogram: Supported employment (SE), Community employment (CE), and Center-based employment (CBE). Determine that the provider held a valid *EE Program State Certificate of Operation* for the subprogram, at the specific work location (i.e., the physical address where the worker performed the reported hours of work, or in the case of community-based work the location where staff providing the worker's ongoing employment support services are permanently assigned). Compare the hours and wages reported in the *Listing of Reported Participants and Relevant Data* file to the payroll source documentation. Testing may result in the addition or the reduction of reported hours and wages.

Note 2: If the SE hours are disallowed, but meet the criteria for community employment, report variances on the reconciliation schedules by deducting the worker's reported hours and wages from Supported Employment and adding the worker's audited hours and wages to Community Employment.

Reported Results: Report positive and negative variances to reported hours and wages on Appendix C. *Schedule of Questioned Hours and Wages*, or Appendix D. *Schedule of Questioned Hours and Wages for New/Expanded Programs*. Questioned hours and wages should be displayed in brackets, as negative numbers, in the *Variance* columns. Identify criterion #1 as the reason for questioning the reported hours and wages.

Applicable Results: If the audit report will not be received by the DEED, or postmarked by the due date, the auditor may carry only the sum of the negative adjustments to the *Community Support Fund Reconciliation* and the *Center-based Employment Fund Reconciliation*.

Note 3: A bonus or commission would be included in the determination of wages, but would not affect the hours.

**Criterion 2: Workers have been paid appropriate hourly rates.**

Applicability: All EE workers

Sample unit: A payroll record for a single pay period

Reference: Fair and equitable pay requirements (Minn. Rules, 3300.2015, subpart 6)  
Paid work (Minn. Rules, 3300.2005, subpart 32)  
Extended employment worker (Minn. Rules, 3300.2005, subpart 18)  
Fulltime non-exempt workers (as defined in the Fair Labor Standards Act)  
Affirmative business enterprise (Minn. Stat. 268A.01, subdivision 14)

Suggested Procedure A: For workers paid sub-minimum wages, (a) determine if provider holds a valid sub-minimum certificate, (b) determine if prevailing wage survey for the period includes the worker's job, and (c) determine if provider assessed the worker's productivity semi-annually.

Suggested Procedure B: For workers in supported employment, review the Customary Wage Determination in the case file (completed at the time of placement) to determine if the worker was paid wages equal to the nondisabled workers of the employer performing the same or similar jobs.

Note: If reported supported employees were not paid the customary wage, but meet the criteria of community employment, report those variances by deducting the worker's reported hours and wages from Supported Employment and adding the worker's audited hours and wages to Community Employment.

Suggested Procedure C: For self-employed workers, review documentation of gross income divided by the hours reported on the Listing of Reported Participants and Relevant Data to determine if the applicable minimum hourly rate has been earned.

Suggested Procedure D: For workers in an affirmative business enterprise (ABE) program, Review payroll and case file documentation to determine if the wage rate paid to the worker was equal to or greater than the customary wage rate paid by the employer to nondisabled workers in the same position.

Note: If the ABE worker was not paid the customary wage, but meets the criteria for center-based employment, report variances on the reconciliation schedules by deducting the worker's reported hours and wages from Community Employment and adding the worker's audited hours and wages to Center-based Employment.

Results: Report the lack of compliance or documentation on the Appendix C. Schedule of Questioned Hours and Wages or Appendix D. Schedule of Questioned Hours and Wages for New/Expanded Programs by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the *Variance* columns. Identify Criterion #2 as the reason for questioning the reported hours and wages.

Note: A bonus or commission would be included in the determination of wages.

<b>Criterion 3:</b>	<b>Workers in Supported Employment and Affirmative Business Enterprise Employment perform their work in integrated settings.</b>
Applicability:	Workers in Supported Employment and Affirmative Business Enterprise.
Sample unit:	A worker's case record
Reference:	Affirmative business enterprise. (Minn. Stat. 268A.01, subdivision. 14) Center-based employment. (Minn. Rules, 3300.2005, subpart 6) Community employment. (Minn. Rules, 3300.2005, subpart 10) Integrated setting. (Minn. Rules, 3300.2005, subpart 25) Supported employment. (Minn. Rules, 3300.2005, subpart 35) Extended employment worker. (Minn. Rules, 3300.2005, subpart 18)
Suggested Procedure A:	For workers in Affirmative Business Enterprise (ABE) employment, determine that the worker's work site is a normal business setting typically found in the competitive labor market, and not a typical sheltered work setting, i.e. center-based employment. Review documentation in the case files to determine if the integration level of the worker when on the job is typical of what would be found in the competitive labor market for the type of job.  Note 1: If reported affirmative business enterprise employees were not in integrated settings, but meet the criteria for center-based employment, report those variances by deducting the worker's reported hours and wages from Community Employment on the Community Support Reconciliation Schedule (Appendix E) and adding the worker's audited hours and wages to Center-Based Employment on the Center-Based Employment Reconciliation Schedule (Appendix F).
Suggested Procedure B:	For workers in supported employment, review documentation in the case files to determine if the integration level of the worker when on the job is typical of what would be found in the competitive labor market for the type of job.  Example: A night janitor working alone is considered integrated because night janitors typically work alone. However, a group of disabled workers performing work in a segregated area, absent the normal contact and interaction with nondisabled workers/customers/supervisors, is not integrated.  Note 2: If reported supported employees were not in integrated settings, but meet the criteria of community employment, report those variances by deducting the worker's reported hours and wages from Supported Employment and adding the worker's audited hours and wages to Community Employment on the Community Support Reconciliation Schedule (Appendix E).
Results:	Report the lack of compliance or documentation on the Appendix C. <i>Schedule of Questioned Hours and Wages</i> or Appendix D. <i>Schedule of Questioned Hours and Wages for New/Expanded Programs</i> by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the <i>Variance</i> columns. Identify Criterion #3 as the reason for questioning the reported hours and wages.
Note:	If the provider contracts with DEED for an allocation from the Community Support Fund and receives reimbursement from the fund, the criterion is applicable.

Criterion 4:	<b>When the provider is the payroll agent, workers in center-based, community, and supported employment (a) receive fundamental personnel benefits proportionate to the full-time nonexempt staff, <u>and</u> (b) no EE worker earns less than the minimum annual accruals of 5 days paid vacation, 5 days paid sick leave, and 5 paid holidays, or 10 days paid flexible leave and 5 paid holidays. Workers in Affirmative Business Enterprise employment (ABE) receive fringe benefits under the provider's one and only fringe benefit package that is available to and utilized by all employees of the corporation or county entity.</b>
Reference:	Fundamental personnel benefits. (Minn. Rules, 3300.2005, subpart 19) Fundamental personnel benefits. (Minn. Rules, 3300.2015, subpart 4) Extended employment worker. (Minn. Rules, 3300.2005, subpart 18) Full-time, nonexempt staff. (As defined in Fair Labor Standards Act) Affirmative business enterprise. (Minn. Stat. 268A.01, subdivision 14)
Applicability:	Workers for whom the provider is the payroll agent.
Sample unit:	A worker's benefit accruals and paid holidays during the state fiscal year
Suggested Procedure A:	Review the personnel policies of non-exempt staff and EE workers to test (a) the proportionality of benefits earned, at various stages/years of employment, between these groups, and (b) the minimum benefits are guaranteed all EE workers.  <i>Example 1:</i> If fulltime, non-exempt employees earn 4 hours of leave (vacation, sick or PTO) per 80 hours of work, then the EE worker who works 80 hours must earn 4 hours of vacation, sick or PTO also. If the EE worker's hours are one-half of full-time, then the benefit accrual for the pay period shall also be one-half of the accruals earned by the full-time nonexempt staff members.  <i>Example 2:</i> If accruals increase for the nonexempt staff at various intervals, based on years of employment, then the accruals must increase at the equivalent intervals for EE workers. For example, if accruals for nonexempt staff increase at 3, 6 and 10 years of employment, then accruals for EE workers must increase proportionately after 6,240 hours of work, 12,480 hours of work, and 20,800 hours of work.  <i>Example 3:</i> If the full-time nonexempt staff receive 10 paid holidays, or 80 paid hours per year, then the EE worker who works 2080 hours during the year must receive 10 paid holidays totaling 80 paid holiday hours. The EE worker who works 1040 hours during the year will receive the same 10 days off, but will earn only 40 paid holiday hours, or 4 hours of paid holiday leave for each holiday, i.e., the number of hours paid for a holiday should be based on the length of the worker's average work day.  <i>Example 4:</i> If the full-time nonexempt staff members receive zero paid holidays, vacation, sick leave or PTO, then the EE worker must earn the legal minimum benefit accruals: 5 days paid vacation, 5 days paid sick leave, and 5 paid holidays; or 10 days paid flexible leave and 5 paid holidays.
Suggested Procedure B:	Review the benefit accrual system to determine if sampled EE workers are earning the required levels of vacation and sick, or flexible leave, determined in Procedure A.
Suggested Procedure C:	Review payroll records to determine if EE workers are paid the required levels of holiday pay, determined in Procedure A.
Suggested Procedure D:	If the worker is in an Affirmative Business Enterprise (ABE) program, review the benefit package to determine if ABE workers are eligible for and utilize the same benefits as all other employees of the provider, e.g., vacation, sick, holiday, medical, dental, savings and retirement plans, etc.
Results:	Report the lack of compliance or documentation on the Appendix C. <u>Schedule of Questioned Hours and Wages</u> or Appendix D. <u>Schedule of Questioned Hours and Wages for New/Expanded Programs</u> by questioning the reported hours and wages for the period in which benefit accruals failed to meet requirements. Questioned hours and wages should be displayed in brackets, as negative numbers, in the <i>Variance</i> columns. Identify Criterion #4 as the reason for the questioned hours and wages.
Note:	A length of a benefit day for accrual purposes is the same as the average day worked by the EE worker.

**Criterion 5:** Workers participating in Extended Employment and Medical Assistance (MA) funded programs (such as Day Training and Habilitation, Home and Community-Based Services for Persons with Developmental Disabilities, Community Alternatives for Disabled Individuals, Brain Injury Waivers, Adult Rehabilitative Mental Health Services, etc.) are receiving separate services, and no duplicate funding is received by the provider.

**Reference:** Day training and habilitation program. (Minn. Rules, 3300.2005, subpart 12)  
Extended employment provider or provider. (Minn. Rules, 3300.2005, subpart 16)  
Extended employment worker. (Minn. Rules, 3300.2005, subpart 18)  
Participants in day training and habilitation programs. (Minn. Rules, 3300.2015, subpart 7)  
Other exclusions from eligibility for extended employment program funding. (Minn. Rules, 3300.2015, subpart 8)  
Minnesota Dept. of Human Services' Minnesota Health Care Programs (MHCP) Manual

**Applicability:** EE providers that receive Medical Assistance funds to provide employment and/or employment-related services.

**Sample unit:** A worker reported to the extended employment program

**Suggested Procedures:** Ask the provider to disclose if they are authorized to provide MA-funded services under waiver programs. (Authorization is usually in the form of a contract between the provider and individual counties which will identify allowable services for billing purposes.) Obtain the following list from the provider: (a) workers whose services are funded by MA, (b) the services provided each participant, and (c) the dates of service provision billed the MA waiver programs. Compare the provider list to the Listing of Reported Participants and Relevant Data. Generate a new list of EE participants, sorted by the MA-funded service they received. For each person on the list, determine eligibility for EE services by using the chart on Appendix One and applying the applicable suggested procedures below.

#### **Suggested Procedure A: (Day Training & Habilitation Services)**

- 1.) Compare the newly generated list of EE participants receiving DTH services from the provider with the Listing of Reported Participants and Relevant Data to determine compliance with requirements. If either criterion is not met, determine lack of compliance.
  - (a) The EE worker's participation in a Day Training and Habilitation program is reported to the DEED; and
  - (b) The EE worker does not have reported hours in the Center-based Employment subprogram.
- 2.) Review the case file to determine compliance with the following requirements. If either criterion is not met, determine lack of compliance.
  - (a) The services provided to the person while participating in the DTH program are different than the ongoing support services that are identified in the *Extended Employment Support Plan*; and
  - (b) The services provided to the person while participating in the DTH program are different than the ongoing support services provided in the delivery of, at minimum, twice monthly in-person contacts to maintain the extended employment job reported to the DEED.
- 3.) Review the provider's administrative records to determine compliance with the following requirements. If either criterion is not met, determine lack of compliance.
  - (a) The ongoing support services identified in the EE Support Plan are not provided by staff members a day activity center, developmental achievement center, or other facility licensed by the Department of Human Services to provide DTH services; and
  - (b) The provider may bill the county no more than the county's part-day rate for days in which the workers hours are reported to the EE program. Determine the partial day rate. Exceptions do exist and billings may be on an hourly, as well as daily basis, such as Rule 78. Review county billings to determine that no more than this rate is billed for any days in which the worker's hours are reported to Extended Employment.

### **Suggested Procedure B: (ARMHS and other Mental Health services)**

EE Workers are permitted to receive ARMHS and other Mental Health MA funding while receiving EE funding, as long as the provider does not bill for the same hours or same services for the same individuals.

- 1.) Review the provider's billing records to determine services and hours billed for ARMHS or other MA-funded Mental Health services; and
- 2.) Review the worker's payroll records to determine hours of work reported to the Extended Employment program; and
- 3.) Review the worker's case file to determine the ongoing support services identified in the Extended Employment Support Plan, and the delivery of the identified services during, at minimum, twice monthly in-person contacts; and
- 4.) Confirm that there is no overlap between the services billed MA funds and the ongoing support services provided under the Extended Employment Support Plan. Determine lack of compliance if the provider has billed MA for the same hours of work reported to the DEED or the same services identified and provided under the Extended Employment Support Plan.

### **Suggested Procedure C: (DD Waiver Program - Supported Employment Services)**

- 1.) For MA **full day** supported employment services under the DD waiver, compare the newly generated list with the *Listing of Reported Workers and Relevant Data* to determine if workers are reported to the DEED. If the worker is on both lists, determine lack of compliance.
- 2.) For MA **partial day rates** and **30-minute rates** providing supported employment services under the DD waiver, compare the newly generated list with the *Listing of Reported Workers and Relevant Data* to determine if workers are reported to the DEED. Determine lack of compliance if either of the following conditions exist:
  - (a) The *Listing of Reported Workers and Relevant Data* includes hours of work in the Center-based Employment subprogram; or
  - (b) The provider does not have written disclosure and authorization from the Human Services Director/County Social Services Supervisor that provides (1) a clear distinction between the services and units of services (hours/days) to be provided by EE funds and the services and units of service (hours/days) to be provided by MA funds, (2) an assertion that this coordination of services is necessary for the worker to maintain employment, and (3) the assurance that "this use of MA funding for supported employment services and the use of Minnesota Extended Employment funding for [supported employment/community employment] for different hours and/or days of service does not violate the 'MHCP Reimbursement is Payment in Full' concept, as stated in the *Minnesota Health Care Providers Manual*."

### **Suggested Procedure D: (CADI or BI Waiver Program - Supported Employment Services)**

- 1.) For MA full day supported employment services under the CADI or BI waiver, compare the newly generated list with the *Listing of Reported Workers and Relevant Data* to determine if workers are reported to the DEED. If the worker is on both lists, determine lack of compliance.
- 2.) For MA 30-minute rates for supported employment services under the CADI or BI waivers, compare the newly generated list with the *Listing of Reported Workers and Relevant Data* to determine if workers are reported to the DEED. Determine lack of compliance if either of the following conditions exist:
  - (a) The *Listing of Reported Workers and Relevant Data* includes hours of work in the Center-based Employment subprogram; or
  - (b) The provider does not have written disclosure and authorization from the Human Services Director/County Social Services Supervisor that provides (1) a clear distinction between the services and units of services (hours/days) to be provided by EE funds and the services and units of service (hours/days) to be provided by MA funds, (2) an assertion that this coordination of services is necessary for the worker to maintain employment, and (3) the assurance that "this use of MA funding for supported employment services and the use of Minnesota Extended Employment funding for [supported employment/community employment] for different hours and/or days of service does not violate the 'MHCP Reimbursement is Payment in Full' concept, as stated in the *Minnesota Health Care Providers Manual*."

**Suggested Procedure E: (CADI or BI Waiver Program - Prevocational Services)**

Compare the newly generated list with the *Listing of Reported Workers and Relevant Data* to determine if workers are reported to the DEED. If the worker is on both lists, determine lack of compliance.

**Suggested Procedure F: (BI Waiver Program - Structured Day Services)**

Compare the newly generated list with the *Listing of Reported Workers and Relevant Data* to determine if workers are reported to the DEED. If the worker is on both lists, determine lack of compliance.

**Results:** Report the lack of compliance or documentation on the Appendix C. *Schedule of Questioned Hours and Wages* or Appendix D. *Schedule of Questioned Hours and Wages for New/Expanded Programs* by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the *Variance* columns. Identify Criterion #5(A), 5(B), 5(C), 5(D), 5(E), and/or 5(F), to identify the reason for the questioned hours and wages.

**Note:** Providers of EE services are permitted to receive concurrent funding from EE and MA (DD, CADI or BI waiver programs) for the MA service identified as “Case Management” and other non-employment-related services that are not specifically excluded in Appendix One.

**Criterion 6:**     **Workers are persons with a most severe disability, who have 3 or more serious functional limitations affecting employment, and who require ongoing employment support services to maintain or advance in employment.**

Reference:             Extended employment worker. (Minn. Rules, 3300.2005, subpart 18)  
Individual with a most severe disability. (Minn. Rules, 3300.2005, subpart 22)  
Functional area. (Minn. Rules, 3300.2005, subpart 20)

Applicability:        All EE workers.

Sample unit:         A worker reported to the extended employment program

Suggested Procedure A: Review the referral information in the case file. Compare with the *Listing of Reported Participants and Relevant Data* to determine if disability and functional limitations were reported accurately to the DEED.

Suggested Procedure B: If the worker was referred by the local Vocational Rehabilitation Program for services in any Extended Employment Program (Center-based Employment, Community Employment, or Supported Employment) and the referral documents indicate the need for ongoing support services, then no further test for program eligibility is needed.

*Clarifying Note:* A referral for Independent Placement or Competitive Placement or Competitive Employment is not a referral to Extended Employment because the referral source has determined there is no need for ongoing support services after the Job Placement and Job Coaching services have assisted the worker to become stabilized in employment.

Suggested Procedure C: If the worker was not referred by the local Vocational Rehabilitation Program, then review the source documentation of the referral source to determine the disability, the existence of 3 or more functional limitations, and identified need for ongoing employment support services under Minnesota Rules, Chapter 3300.2005, subpart 18.

Suggested Procedure D: Review the *Extended Employment Support Plan* in the case file to determine the existence of a current plan which addresses the need for ongoing support services to maintain or advance in employment. The plan must be signed by the worker or legal guardian.

Results:               Report the lack of compliance or documentation on the Appendix C. *Schedule of Questioned Hours and Wages* or Appendix D. *Schedule of Questioned Hours and Wages for New/Expanded Programs* by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the *Variance* columns. Identify Criterion #6 as the reason for the questioned hours and wages.



<b>Criterion 7:</b>	<b>Workers have a current <u>Extended Employment Support Plan</u> developed with the informed consent of the worker.</b>
Reference:	<p>Extended employment support plan. (Minn. Rules, 3300.2005, subpart 22)</p> <p>Extended employment support plans. (Minn. Rules, 3300.2025, subpart 4)</p> <p>Annual reassessment of extended employment support plans (Minn. Rules, 3300.2025, subpart 8)</p> <p>Case records. (Minn. Rules, 3300.2025, subpart 9)</p> <p>Informed consent. (Minn. Rules, 3300.2005, subpart 24)</p>
Applicability:	All extended employment workers.
Sample unit:	A worker reported to the extended employment program
Suggested Procedure A:	For workers reported in Center-based Employment, review the case record for extended employment support plans developed and reviewed or updated within the examination period. If the worker has a goal of supported employment or community employment, determine if the plan was reviewed and updated, at least every six months. If the worker has a goal of center-based employment, determine if the plan was reviewed and updated, at least annually.
Suggested Procedure B:	For workers reported in Community Employment and Supported Employment, determine if the plan was reviewed and updated, at least annually.
Suggested Procedure C:	Determine that the worker, or legal guardian if applicable, signed and dated the Extended Employment Support Plan indicating informed consent. Note: it is not appropriate to retroactively date plans or to pre-date documents where the worker's informed consent is expected.
Results:	Report the lack of compliance or documentation on the Appendix C. <u>Schedule of Questioned Hours and Wages</u> or Appendix D. <u>Schedule of Questioned Hours and Wages for New/Expanded Programs</u> by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the <i>Variance</i> columns. Identify Criterion #7 as the reason for the questioned hours and wages.

**Criterion 8:**     **The worker’s Extended Employment Support Plan identifies the ongoing employment support services necessary for the worker to maintain and advance in employment.**

Reference:             Extended employment support plan. (Minn. Rules, 3300.2005, subpart 22)  
                              Extended employment support plans. (Minn. Rules, 3300.2025, subpart 4)  
                              Ongoing employment support services. (Minn. Rules, 3300.2025, subpart 31)  
                              Case records. (Minn. Rules, 3300.2025, subpart 9)

Applicability:         All extended employment workers.

Sample unit:          The extended employment support plan

Suggested Procedure:     Determine if the Extended Employment Support Plan contains the specific ongoing employment support services to be provided to the worker by the provider, or by the employer if under the provisions of a written agreement between the employer and the provider, pursuant to Minn. Rules, 3300.2025, subpart 6.

Results:                Report the lack of compliance or documentation on the Appendix C. Schedule of Questioned Hours and Wages or Appendix D. Schedule of Questioned Hours and Wages for New/Expanded Programs by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the *Variance* columns. Identify Criterion #8 as the reason for the questioned hours and wages.

**Criterion 9:**     **The ongoing employment support services provided to the worker are consistent with the services identified in the Extended Employment Support Plan.**

Reference:           Extended employment support plan. (Minn. Rules, 3300.2005, subpart 22)  
                  Extended employment support plans. (Minn. Rules, 3300.2025, subpart 4)  
                  Ongoing employment support services. (Minn. Rules, 3300.2025, subpart 31)  
                  Case records. (Minn. Rules, 3300.2025, subpart 9)

Applicability:       All EE workers.

Sample unit:        A worker reported to the extended employment program

Suggested Procedure:   Review the case file. The ongoing employment support services provided to the worker and documented in the case file are contained within the Extended Employment Support Plan.

Results:            Report the lack of compliance or documentation on the Appendix C. Schedule of Questioned Hours and Wages or Appendix D. Schedule of Questioned Hours and Wages for New/Expanded Programs by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the *Variance* columns. Identify Criterion #9 as the reason for the questioned hours and wages.

**Criterion 10: Workers receive a minimum of two in-person contacts per month in the delivery of ongoing employment support services.**

Reference: Ongoing employment support services. (Minn. Rules, 3300.2005, subpart 31)  
Extended employment support plan. (Minn. Rules, 3300.2005, subpart 22)  
Minimum contact by provider. (Minn. Rules, 3300.2025, subpart 5)  
Reporting workers receiving natural supports to the extended employment program.  
(Minn. Rules, 3300.2025, subpart 6.)  
Case records. (Minn. Rules, 3300.2025, subpart 9 (I-J))

Applicability: Workers in Community Employment and Supported Employment.

Sample unit: a worker reported in community or supported employment

Suggested Procedure: Review the case file for the provision of ongoing support services. Determine if minimum contacts were made by the provider. If two contacts were not made per month, review case record for a written agreement for the period with an employer pursuant to Minn. Rules, 3300.2025, subpart 6. Determine if the ongoing employment support services were delivered in accordance with the written agreement.

Results: Report the lack of compliance or documentation on the Appendix C. Schedule of Questioned Hours and Wages or Appendix D. Schedule of Questioned Hours and Wages for New/Expanded Programs by questioning the reported hours and wages. Questioned hours and wages should be displayed in brackets, as negative numbers, in the *Variance* columns. Identify Criterion #10 as the reason for the questioned hours and wages.

Note: Skype, video-conferencing, and other forms of electronic meetings do not constitute in-person contacts for the provision on ongoing employment support services.

The provision of ongoing employment support services must be delivered by the certified EE provider, except where DEED approved the subcontract agreement with another certified EE provider in advance of the delivery of services in any state fiscal year. Evidence of DEED's approval is required in writing.

**Criterion 11:** The provider earned its Center-based Employment Fund allocation based on reported hours during the current state fiscal year.

Reference: Listing of Reported Participants and Relevant Data, Extended Employment Program Contract, payments for reimbursement of ongoing support services, Appendix C. Schedule of Questioned Hours and Wages, and Appendix D. Questioned Hours and Wages for New/Expanded Programs, the DEED's Request for Proposals and the provider's Proposal.

**Suggested Procedure:** Complete Appendix F. Center-based Employment Fund Reconciliation. Note: if the provider has a New & Expanded Program, complete Part B first as information derived from Part B may be used in Part A.

**PART A. BASE ALLOCATION (lines 1 - 14.)** This part records production (reported hours of work), variances, contract allocation, and payments for the provider's base allocation. Do not include information for New and Expanded Programs, except in as requested on line 5.

**PART B. NEW AND EXPANDED ALLOCATION (lines 15 - 27.)** This part pertains exclusively to a New and Expanded Program. The auditor will need to obtain a separate Listing of Reported Participants and Relevant Data to determine program participants reported in the New and Expanded Program. The provider's Extended Employment Program Contract (Section II. A. (3, 4) will identify separate funding if a provider has been granted a New and Expanded Programs. New and Expanded Programs have special conditions identified in the DEED's Request for Proposal and/or the provider's Proposal. These conditions usually target a specific population, service, or geographic area to be served with these funds. Therefore, hours reported above the level necessary to earn the provider's base allocation may NOT be used to supplement the New and Expanded Program.

**PART C. CONTRACT RECONCILIATION (lines 28 - 30.)** This part rolls up parts A and B to determine the net funds due to the provider or the DEED.

Line 1: Record the total hours of reported participants in Center-based Employment from the Listing of Reported Participants and Relevant Data. (Do not include the hours of program participants reported under New & Expanded programs.)

Line 2: Determine the error rate within the selected sample as follows: (a) sum the "CBE Subtotal" (from the column labeled "Hours - Variance" on Appendix C and (b) divide by the sum of all reported CBE hours for the selected sample, including those with and without variances.

Line 3: **If the error rate is 10% or greater**, multiply the hours reported on line 1 by the error rate on line 2. If the error rate is less than 10%, record a zero.

Line 4: If line 3 is equal to zero, record the sum the "CBE Subtotal" (from the column labeled "Hours - Variance" on Appendix C) calculated for Line 2(a). If line 3 is greater than zero, skip this line.

Line 5: If line 21 is greater than line 22, the provider may elect to allocate this excess production from its New and Expanded program to meet the provider's contract obligations for its base allocation. To calculate the maximum allowable hours that may be allocated, divide line 23 by the CBE reimbursement rate (line 20).

Line 6: Determine the allowable hours after audit by using the following formula:

(a) Subtract the value reported on line 3 from line 1, note the difference;

(b) Add or subtract the net variances reported on line 4 from the value determined in item (a) above, note the new value;

(c) Add the value of line 5 to the value from (b) above, and record this new value on line 6.

Line 7: Skip this line.

Line 8: Multiply the allowable hours after audit (line 6) by the CBE reimbursement rate (line 7) to determine the provider's potential earnings, based on reported production.

Line 9: Record the contracted base allocation for the Center-based Employment program. (Do not include locations for New & Expanded Programs.)

Line 10: Subtract line 9 from line 8. Record the difference if not equal to zero.

Line 11: Record the lesser of lines 8 and 9.

- Line 12: Record the CBE funds received by the provider as of a given date. Record the date in the space provided on this line. (Do not include any payments for New and Expanded Programs.)
- Line 13: If the amount on line 11 is greater than the amount on line 12, record the difference. This is the amount the DEED owes the provider.
- Line 14: If the amount on line 12 is greater than the amount on line 11, record the difference. This is the amount the provider owes the DEED. If the provider chooses not to appeal the findings of the audit, a check may be submitted with the audit report for this amount.
- Line 15: Record the total hours of reported participants in a New and Expanded Center-based Employment program from the *Listing of Reported Participants and Relevant Data*. (Do not include the hours of program participants reported under base allocations.)
- Line 16: Determine the error rate within the selected sample as follows: (a) sum the “CBE Subtotal” (from the column labeled “Hours - Variance” on Appendix D for New and Expanded Programs) and (b) divide by the sum of all reported CBE hours for the selected sample, including those with and without variances.
- Line 17: If the error rate is 10% or greater, multiply the hours reported on line 15 by the error rate on line 16. If the error rate is less than 10%, record a zero.
- Line 18: If line 17 is equal to zero, record the sum the “CBE Subtotal” (from the column labeled “Hours - Variance” on Appendix D calculated for Line 16(a). If line 17 is greater than zero, record a zero on line 18.
- Line 19: Determine the allowable hours after audit by using the following formula:
- (d) Subtract the value reported on line 17 from line 15, note the difference;
  - (e) Add or subtract the net variances reported on line 18 from the value determined in item (a) above, note the new value; and record this new value on line 19.
- Line 20: Skip this line.
- Line 21: Multiply the allowable hours after audit (line 19) by the CBE reimbursement rate (line 20) to determine the provider’s potential earnings, based on reported production.
- Line 22: Record the contracted allocation for the New and Expanded Center-based Employment program. (Do not include the base allocation.)
- Line 23: Subtract line 22 from line 21. Record the difference if greater than zero. This represents the reported and unfunded production from the provider’s New and Expanded Program. This excess production may be used to supplement the provider’s base contract allocations (Part A.) To determine the hours to report on line 5, Part A, divide the dollars reported here (line 23) by the CBE reimbursement rate (line 20).
- Line 24: Record the lesser of lines 21 and 22.
- Line 25: Record the CBE funds for the New and Expanded Program received by the provider as of a given date. Record the date in the space provided on this line. (Do not include any payments from base allocations.)
- Line 26: If the amount on line 24 is greater than the amount on line 25, record the difference. This is the amount the DEED owes the provider.
- Line 27: If the amount on line 25 is greater than the amount on line 24, record the difference. This is the amount the provider owes the DEED. If the provider chooses not to appeal the findings of the audit, a check may be submitted with the audit report for this amount.
- Line 28: Record the sum of lines 13 and 26.
- Line 29: Record the sum of lines 14 and 27.
- Line 30: Record the difference from lines 28 and 29.
- Results: Reconcile the total eligible hours, earned allocation, payments and variance from the contracted Center-based Employment Fund allocation.

**Criterion 12:** The provider earned its Community Support Fund allocation based on reported hours in the current state fiscal year.

Reference: Listing of Reported Participants and Relevant Data, Extended Employment Program Contract, payments for reimbursement of ongoing support services, Appendix C. Schedule of Questioned Hours and Wages, and Appendix D. Schedule of Questioned Hours and Wages for New and Expanded Programs and the DEED's Request for Proposals and the provider's Proposal.

Suggested Procedure: Complete Appendix E- Community Support Fund Reconciliation. Note: if the provider has a New & Expanded Program, complete Part B first as information derived from Part B may be used in Part A.

**PART A. BASE ALLOCATION (lines 1-23.)** This part records production (reported hours of work), variances, contract allocation, and payments for the providers base allocation. Do not include information for New and Expanded Programs, except in as requested on lines 5 and 13.

**PART B. NEW AND EXPANDED ALLOCATION (lines 24-44.)** This part pertains exclusively to a New and Expanded Program. The auditor will need to obtain a separate Listing of Reported Participants and Relevant Data to determine program participants reported in the New and Expanded Program. The provider's Extended Employment Program Contract will identify separate funding if a provider has been granted a New and Expanded Programs. New and Expanded Programs have special conditions identified in the DEED's Request for Proposal and/or the provider's Proposal. These conditions usually target a specific population, service, or geographic area to be served with these funds. Therefore, hours reported above the level necessary to earn the provider's base allocation may NOT be used to supplement the New and Expanded Program.

**PART C. CONTRACT RECONCILIATION (lines 45-47.)** This part rolls up parts A and B to determine the net funds due to the provider or the DEED.

Line 1: Record the total hours of reported participants in Community Employment from the Listing of Reported Participants and Relevant Data. (Do not include the hours of program participants reported under New & Expanded programs.)

Line 2: Determine the error rate within the selected sample as follows: (a) sum the "CE Subtotal" (from the column labeled "Hours - Variance" on Appendix C) and (b) divide by the sum of all reported CE hours for the selected sample, including those with and without variances.

Line 3: **If the error rate is 10% or greater**, multiply the hours reported on line 1 by the error rate on line 2. If the error rate is less than 10%, record a zero.

Line 4: If line 3 is equal to zero, record the sum the "CE Subtotal" (from the column labeled "Hours - Variance" on Appendix C) as calculated above in Line 2(a). If line 3 is greater than zero, skip line 4.

Line 5: If line 38 is greater than line 39, the provider may elect to allocate this excess production from its New and Expanded program to meet the provider's contract obligations for its base allocation. To calculate the maximum allowable hours that may be allocated, if all of the New & Expanded program's over production is allocated to the provider's Community Employment program, divide line 40 by the CE reimbursement rate (line 7). Note: the hours reported on lines 5 and 13, when multiplied by the applicable reimbursement rates, cannot exceed the amount reported on line 40.

Line 6: Determine the allowable hours after audit by using the following formula:

- (a) Subtract line 3 from line 1;
- (b) Add or subtract the net variances reported on line 4; and
- (c) Add line 5.

Line 7: Skip this line.

Line 8: Multiply the allowable hours after audit (line 6) by the CE reimbursement rate (line 7) to determine the provider's potential earnings, based on reported production.

Line 9: Record the total hours of reported participants in Supported Employment from the Listing of Reported Participants and

Relevant Data. (Do not include the hours of program participants reported under New & Expanded programs.)

Line 10: Determine the error rate within the selected sample as follows: (a) sum the “SE Subtotal” (from the column labeled “Hours - Variance” on Appendix C) and (b) divide by the sum of all reported SE hours for the selected sample, including those with and without variances.

Line 11: **If the error rate is 10% or greater**, multiply the hours reported on line 1 by the error rate on line 2. If the error rate is less than 10%, record a zero.

Line 12: If line 11 is equal to zero, record the sum the “SE Subtotal” (from the column labeled “Hours - Variance” on Appendix C) as calculated above for Line 10(a). If line 11 is greater than zero, skip this line.

Line 13: If line 38 is greater than line 39, the provider may elect to allocate this excess production from the New and Expanded program to meet the provider’s contract obligations for its base allocation. To calculate the maximum allowable hours that may be allocated, if all of the New & Expanded program’s over production is allocated to the provider’s Supported Employment program, divide line 40 by the SE reimbursement rate (line 15). Note: the hours reported on lines 5 and 13, when multiplied by the applicable reimbursement rates, cannot exceed the amount reported on line 40.

Line 14: Determine the allowable hours after audit by using the following formula:

- (a) Subtract line 11 from line 9;
- (b) Add or subtract the net variances reported on line 12; and
- (c) Add line 13.

Line 15: Skip this line.

Line 16: Multiply the allowable hours after audit (line 14) by the SE reimbursement rate (line 15) to determine the provider’s potential earnings, based on reported production.

Line 17: Add lines 8 and 16.

Line 18: Record the contracted base allocation from the Community Support Fund. (Do not include allocations for New & Expanded Programs.)

Line 19: Subtract line 18 from line 17. Record the difference if greater than zero.

Line 20: Record the lesser of lines 17 and 18.

Line 21: Record the CS funds received by the provider as of a given date. Record the date in the space provided on this line. (Do not include any payments for New and Expanded Programs.)

Line 22: If the amount on line 20 is greater than the amount on line 21 record the difference. This is the amount the DEED owes the provider.

Line 23: If the amount on line 21 is greater than the amount on line 20, record the difference. This is the amount the provider owes the DEED. If the provider chooses not to appeal the findings of the audit, a check may be submitted with the audit report for this amount.

Line 24: Record the total hours of participants in a new or expanded Community Employment program from the Listing of Reported Participants and Relevant Data. (Do not include the hours of program participants reported under base allocations.)

Line 25: Determine the error rate within the selected sample as follows: (a) sum the “CE Subtotal” (from the column labeled “Hours - Variance” on Appendix D (for New and Expanded Programs) and (b) divide by the sum of all reported CE hours for the selected sample, including those with and without variances.

Line 26: **If the error rate is 10% or greater**, multiply the hours reported on line 24 by the error rate on line 25. If the error rate is less than 10%, record a zero.

Line 27: If line 26 is equal to zero, record the sum the “CE Subtotal” (from the column labeled “Hours - Variance” on Appendix D) as calculated above for Line 25(a). If line 26 is greater than zero, skip line 27.

Line 28 Determine the allowable hours after audit by using the following formula:

- (a) Subtract line 26 from line 24; and
- (b) Add or subtract the net variances reported on line 27.

Line 29: Skip this line.

Line 30: Multiply the allowable hours after audit (line 28) by the CE reimbursement rate (line 29) to determine the provider’s potential earnings, based on reported production.



- Line 31: Record the total hours of reported participants in new or expanded Supported Employment program from the *Listing of Reported Participants and Relevant Data*. (Do not include the hours of program participants reported under base allocations.)
- Line 32: Determine the error rate within the selected sample as follows: (a) sum the “SE Subtotal” (from the column labeled “Hours - Variance” on Appendix D (for New and Expanded Programs) and (b) divide by the sum of all reported SE hours for the selected sample, including those with and without variances.
- Line 33: **If the error rate is 10% or greater**, multiply the hours reported on line 31 by the error rate on line 32. If the error rate is less than 10%, record a zero.
- Line 34: If line 33 is equal to zero, record the sum the “SE Subtotal” (from the column labeled “Hours - Variance” on Appendix D) as calculated above for Line 32(a). If line 33 is greater than zero, skip line 34.
- Line 35: Determine the allowable hours after audit by using the following formula:
- (a) Subtract line 33 from line 31; and
  - (b) Add or subtract the net variances reported on line 34.
- Line 36: Skip this line.
- Line 37: Multiply the allowable hours after audit (line 35) by the SE reimbursement rate (line 36) to determine the provider’s potential earnings, based on reported production.
- Line 38: Add lines 30 and 37.
- Line 39: Record the contracted allocation from the Community Support Fund for the New and Expanded Supported Employment program. (Do not include the base allocation.)
- Line 40: Subtract line 39 from line 38. Record the difference if greater than zero. This represents the reported and unfunded production from the provider’s New and Expanded Program. This excess production may be used to supplement the provider’s base contract allocations (Part A.) To determine the hours to report in Part A, (lines 5 and 13), divide line 40 by the applicable reimbursement rate for CE or SE. However, the hours reported on lines 5 and 13, multiplied by the applicable reimbursement rates, cannot exceed the amount reported here, on line 40.
- Line 41: Record the lesser of lines 38 and 39.
- Line 42: Record the Community Support Funds for the New and Expanded Program received by the provider as of a given date. Record the date in the space provided on this line. (Do not include any payments from base allocations.)
- Line 43: If the amount on line 41 is greater than the amount on line 42, record the difference. This is the amount the DEED owes the provider.
- Line 44: If the amount on line 42 is greater than the amount on line 41, record the difference. This is the amount the provider owes the DEED. If the provider chooses not to appeal the findings of the audit, a check may be submitted with the audit report for this amount.
- Line 45: Record the sum of lines 22 and 43.
- Line 46: Record the sum of lines 23 and 44.
- Line 47: Record the difference from lines 45 and 46.
- Results: Reconcile the total eligible hours, earned allocation, payments and variance from the contracted Center-based Employment Fund allocation.

## Appendix One. Eligibility for Extended Employment Funding

For Dual EE/Medical Assistance Consumers

Federal Medical Assistance Funded Services		Extended Employment Subprograms		
Description	Unit of Service	SUPPORTED EMPLOYMENT	COMMUNITY EMPLOYMENT	CENTER-BASED EMPLOYMENT
Day Training & Habilitation (DTH)	Full-time	Not eligible		
	partial, per diem	Eligible; Criterion 5, Suggested Procedure A.		Not eligible
Adult Rehabilitative Mental Health Services (ARMHS), and other MA-funded mental health services	all	Eligible; Criterion 5, Suggested Procedure B.		
Developmental Disabilities (DD) Waiver funding: "Supported Employment Services"	full day	Not eligible		
	partial day, or 30 minute rate	Eligible; Criterion 5, Suggested Procedure C.		Not eligible
Community Alternatives for Disabled Individuals (CADI) or Brain Injury (BI) Waivers funding: "Supported Employment Services"	full day	Not eligible		
	30 minute rate	Eligible; Criterion 5, Suggested Procedure D.		Not eligible
CADI or BI Waiver funding: "Prevocational Services"	all	Not eligible		
BI Waiver funding: "Structured Day Services"	all	Not eligible		

Note: Providers of EE services are permitted to receive concurrent funding from EE and MA (DD, CADI or TBI waiver programs) for the MA service identified as "Case Management" and other non-employment-related services that are not specifically excluded in Appendix One.

## Appendix Two: Waiver Program General Information

Medicaid Home and Community-Based Waivers, which are granted by the federal Centers for Medicare & Medicaid Services, allow the state to use Medicaid money to fund services in alternative settings for Medicaid-eligible people who would otherwise receive care in hospitals, nursing facilities, or intermediate care facilities. Since 1982, when the waiver programs began in Minnesota, eligible persons have increasingly chosen home and community-based settings over institutions.

Minnesota has five waiver programs targeted to separate populations: the Developmental Disabilities (DD) Waiver, the Community Alternative Care Waiver, the Community Alternatives for Disabled Individuals (CADI) Waiver, the Brain Injury (BI) Waiver, and the Elderly Waiver. The DD Waiver program accounts for the majority of Minnesota's spending on waiver programs.

Minnesota's Department of Human Services oversees the waiver programs, but counties administer them. The waiver programs allow recipients to receive medical and non-medical services beyond those covered by traditional Medicaid. The Social Security Act specifies the services that the waiver programs may cover. In Minnesota, some services are extensions of traditional Medicaid services while others are unique to the waiver programs. Service providers include for-profit and not-for-profit businesses and individuals; providers must enroll with the Department of Human Services and meet specific standards to bill the department and receive payment for services provided to waiver recipients.

In Minnesota, six services are part of all five of the waiver programs, including:

- ✓ case management (locating, coordinating, and monitoring social and daily living activities, medical services, and other services needed by a person and his or her family);
- ✓ homemaker services (providing general household activities by a trained homemaker when the usual homemaker is unable to do so);
- ✓ equipment, home, or vehicle modifications;
- ✓ extended personal care assistant services (assisting with eating, bathing, dressing, personal hygiene, and other activities of daily living);
- ✓ respite care (providing short-term care in the home or out of it, when the usual caregiver is unavailable or needs a rest); and
- ✓ transportation.

Other services are available only for certain waiver programs. "Supported employment services" are covered only by the CADI, DD, and BI waiver programs. The DD Waiver program is the only waiver offering "Day Training and Habilitation" (DTH).